

Message Text

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ORIGIN AF-18

INFO OCT-01 ISO-00 FEA-02 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 /146 R

DRAFTED BY AF/W:HKWALKER:JS

APPROVED BY AF/W:JLLOUGHRAN

EB/ORF/FSE:WBWHITMAN

FEA:EBOWER

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R 211706Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

LIMITED OFFICIAL USE STATE 133337

E.O. 11652: N/A

TAGS: ENRG, NI

SUBJECT: NIGERIA CONTEMPLATING REFINERY IN US VIRGIN ISLANDS

REF: (A) STATE 132087; (B) STATE 233754 (1973); (C) LAGOS 9111 (1973)

1. VIRGIN ISLANDS REFINERY CORP (VIRCO) PRESIDENT HADARY TOLD COUNTRY OFFICER 19 JUNE THAT LATEST DISCUSSIONS HE HAD WITH COMMMINES AND POWER MONGUNO AND OTHER NIGERIAN OIL OFFICIALS IN LAGOS END OF MAY CENTERED ON VIRCO'S PROPOSAL THAT FMG OWN EQUITY IN PROPOSED NEW SUBSIDIARY OF VIRCO-- VIRGIN ISLANDS-NIGERIAN OIL CO. FMG WOULD "BUY" EQUITY WITH CRUDE DELIVERIES, AND PERCENTAGE OF SHARES WOULD OVER TIME RISE TO 49 PERCENT ACCORDING TO A BARRELS/SHARES FORMULA. FMG EQUITY MUST REMAIN AT 49 PERCENT CEILING IF TAX BENEFITS ENJOYED BY VIRCO TO CONTINUE, HADARY SAID.

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2. HADARY CLAIMS TO HAVE LETTER OF 3 MAY SIGNED BY AKPE OF MINMINES AND POWER ON BEHALF PERMSEC ASIODU THAT NIGERIA COULD SUPPLY REFINERY 50,000 BPD AT TODAY'S PRICES. HADARY SAID REFINERY WOULD NEED MORE--MAYBE 100,000 BPD--IN ORDER TO SUCCEED. HE HOPES REFINERY WILL BE PRODUCING IN TWO YEARS, ALTHOUGH NIGERIANS HAVE NOT YET PUT UP EARNEST MONEY OF DOLS 490 TO ESTABLISH NEW SUBSIDIARY.

3. HADARY CLAIMED VIRCO PAID FOR FOSTER-WHEELER STUDY COMPARING PROFITABILITY OF EXPORT ORIENTED REFINERY IN NIGERIA VS. VIRGIN ISLANDS, AND NIGERIANS IMPRESSED WITH COMPARATIVE ADVANTAGES OF VIRGIN ISLANDS LOCATION RE TRANSPORTATION COST AND SPECIAL LICENSE FEE DIFFERENTIALS FOR US MARKET. KISSINGER

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Draft Date: 21 JUN 1974
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: HKWALKER:JS
Enclosure: n/a
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Errors: N/A
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Handling Restrictions: n/a
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To: LAGOS
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